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October 8, 1952

MEMORANDUM

To:

From:

25X1A

Subject: Spectrograph for Austria
(R Proc/Doc. No. 5216-J)

PROBLEM

In order that I may prepare an appropriate Program Determination, you are requested to advise me what licensing action should be taken on the two cases described below covering shipment of a spectrograph to Austria.

Although these cases have been pending an unreasonable length of time, Defense continues its reservation to approval but states it cannot file a formal appeal because it has not been able to complete its investigation of these cases. The Chairman of the Subcommittee is reluctant to recommend action on these cases in view of the continued reservation by the Defense Department.

It is essential, however, that licensing action of some kind be taken on these cases without any further delay. The Austrian Embassy in Washington is urgently requesting OIT to approve the cases. The applicant is demanding final action (either approval or denial) because the protracted delay in licensing action is creating additional costs and difficulties for it.

PENDING CASES

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SECRET

-2-

SECRET

There are many kinds of spectrographs; some are relatively simple and cover a narrow range of tests while others are highly accurate and versatile, being capable of infinite results. The equipment in question is especially valuable in that analysis can be made with great speed and accuracy. It is widely used in the rapid analysis of metals, alloys, minerals, glass, etc. Such an instrument would be of tremendous strategic value in the production of jet aircraft and other instruments of war provided a comparable machine was not available from other sources.

It is rated on U.S. List I (Item 1591).

The Document indicates that the cases are ECA financed. This fact was confirmed by OIT today. The security problem remains, however, whether or not ECA financed.

HISTORY

Although recommended for approval by the Vienna Screening Committee, the two cases in question were brought to the R Procedure Subcommittee by OIT for advice and guidance. Action was deferred by the Subcommittee at its meetings on January 4, 1952 and April 29, 1952 pending receipt of additional information from the agencies here as well as from the Vienna Screening Committee in Vienna.

Upon receipt of the additional information, the cases again were considered by the R Procedure Subcommittee on June 27, 1952. The following agency positions were recorded: For approval - OIT, State, AEC and NPA. For denial and appeal - Defense. Abstain - Agriculture and CIA. The Defense member referred to the high strategic nature of the equipment and was concerned over reports received containing adverse information on certain professors who were part of the school system of the consignee. His conclusion was that the communists would have access to the results of any experiments made on this equipment.

The Chairman stated that he would tentatively recommend approval and requested Defense and CIA review the cases again and advise of their final positions. On July 7, the Defense member advised that his position on the appeal would be contingent on the advice received from the Defense member of the VSC and that a cable was being despatched immediately to such member.

Since that time, Defense has become concerned with the whole operation of the VSC and especially the role of the present Defense member on VSC. It was impossible to elicit any further information from Defense on these two cases. Finally, on September 26 the Defense member advised that a priority cable was being despatched to VSC and for the attention of Col. Moffatt who was then in Vienna on the VSC problem. Col. Moffatt never received the cable. The Defense position as of this date is set forth at the end of this memorandum.

SECRET

-3-

SECRET

DISCUSSION

At the Subcommittee meeting, State recommended approval as in accord with current U.S. policy vis a vis Austria. Witness the extensive U.S. financing of Austrian steel mills and other aids in building up the strength of the Austrian economy. Austrian high schools engage in basic research for industry, under contract, and are not comparable with American high schools. Hence the need here for equipment of such high precision character. Those agencies concurring with approval did not believe that Russian firms would utilize this particular equipment for analyses work but would prefer to do such research in the Bloc itself. The assumption was made that Russia has, or has access to, such equipment since there are similar spectrographs in other countries and they are produced in U.S. and Germany.

VSC again recommended approval of the cases after being apprized of the concern expressed in the Subcommittee. VSC explained that the spectrograph presently being used by the consignee is an obsolete German make with a higher margin of error than the one ordered. Therefore according to the consignee, a less precise spectrograph than the one ordered would not warrant the investment of the high school.

Although aware of derogatory reports on certain individuals who have been or are connected with some departments of the consignee, the VSC did not believe, however, that these individuals, even presuming the unratified reports to be correct, are in a position to constitute a risk to the physical security of the equipment in any situation short of international emergency. The Screening Committee recognized that the results of the research performed on equipment of this type are only as secure as the people using it. This security risk exists, however, at all institutions of higher learning in Europe and the Committee did not believe that this Austrian high school constitutes any unusual risk in this direction.

In answer to certain other questions raised, the following excerpt from a letter

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-5-

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DEFENSE POSITION

The following statement was received from the Defense member on October 6, 1952.

1. The above quoted letter from [REDACTED] has three points that cause some security concern to the Department of Defense: 25X1A
 - (a) The statement in paragraph 2 fails to state that the administration office and operation are in the Soviet Sector of Vienna, and constant Soviet pressure is being injected into the VHS from this point.
 - (b) The quote at the end of paragraph 2 is entirely incorrect. A Soviet military officer - named Capt. Davider - is attached to the VHS. This man is a highly versatile scientist and obtains weekly reports from all laboratories of the VHS. He has been known to intimidate non-communist scientists into giving him scientific data.
 - (c) Paragraph 3 explains that this spectrograph will be used only in a closed room and will be used only by three persons. This would be impossible with the exchange of information policy of the VHS and such control never could be administered with the circle of pro-communist scientists that are connected with this school.
2. This instrument is of extreme strategic importance. It can be used to break down metallurgical formulas of captured or otherwise acquired U.S. military equipment, even to the rotor blades of our jet planes that have been shot down over North Korea. This type of information would be of tremendous importance to the Soviets.
3. It is the hope of Department of Defense that an answer to some of our cables currently pending in Vienna will be forthcoming in the very near future, and that our present investigation of the VHS and our new instructions to the military member of the VSC will uncover enough tangible information so Defense may give a firm position on this case, but at present there are too many questions involving the security of the U.S. for the Department of Defense to agree to the approval of the export of this spectrograph to the VHS.